



# CITY COUNCIL AGENDA STATEMENT



July 14, 2020

File ID: 20-0248

## TITLE

ORDINANCE OF THE CITY OF CHULA VISTA AMENDING ORDINANCE NO. 3375 AND AUTHORIZING THE LEVY OF A SPECIAL TAX IN IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENNIA) PURSUANT TO AN AMENDED RATE AND METHOD OF APPORTIONMENT THEREOF (FIRST READING)

## RECOMMENDED ACTION

Council place the ordinance on first reading.

## SUMMARY

On February 18, 2020, Council adopted the following two resolutions related to Improvement Area No. 2 of Community Facilities District No. 16-I (Millenia) ("CFD No. 16-I" or "the District"):

1. Resolution No. 2020-029 authorizing the submittal of proposed changes to the Rate and Method of Apportionment of Special Taxes for Improvement Area No. 2 ("Amended Improvement Area No. 2 RMA"); and
2. Resolution No. 2020-030 declaring the results of a special election in Improvement Area No. 2 and determining that the Amended Improvement Area No. 2 RMA is lawfully authorized.

The changes to the Amended Improvement Area No. 2 RMA include revision of special tax rates within different portions of Improvement Area No. 2. The recommended action on tonight's agenda will be the final step to accommodate the proposed changes and will allow the City to levy the special taxes within Improvement Area No. 2 pursuant to the Amended Improvement Area No. 2 RMA. The City has retained the services of Spicer Consulting Group (SCG) as special tax consultant and Best Best and Krieger LLP (BBK) as legal counsel to oversee the proceedings.

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

## **DISCUSSION**

The City Council adopted Resolution No. 2016-184 on September 13, 2016 to form and establish CFD No. 16-I, including Improvement Area No. 1 and Improvement Area No. 2. On September 23, 2016, the City recorded the Notice of Special Tax Lien for the District. The recorded boundary map, which shows the location of CFD No. 16-I, Improvement Area No. 2, including Zones A and B is provided as Attachment 1.

In August of 2019, SLV IV-Millenia, LLC (the “Developer”) initiated discussions with the City requesting changes to Improvement Area No. 2. Specifically, the proposed changes included (1) the removal of commercial-retail lots located near the Optima Street intersections with Montage Avenue and Orion Avenue within Zone A and (2) revision of residential special tax rates in Zone B, implementing a per-acre rate for both residential and non-residential uses. The changes were made to reduce the special tax burden on retail development in Improvement Area No. 2, to provide certainty on expected special taxes for bonding purposes, and to avoid discouraging any future proposal of for-rent residential development in Zone B.

On January 7, 2020, Council adopted Resolution No. 2020-001. This resolution approved and adopted the amended boundaries of Improvement Area No. 2; authorized the execution of an Amended Advance Deposit Agreement; and declared Council’s intention to consider the Amended Improvement Area No. 2 RMA. Resolution No. 2020-001 also provided notice of a public hearing on February 18, 2020 to consider approval of the Amended Improvement Area No. 2 RMA and established procedures for a vote of qualified electors on the Amended Improvement Area No. 2 RMA.

The next step in the change proceeding was completed on February 18, 2020, when Council adopted resolutions authorizing the submittal of the Amended Improvement Area No. 2 RMA to the qualified electors, declaring the results of a special election, and determining that the Amended Improvement Area No. 2 RMA is lawfully authorized. The final step is to adopt an ordinance authorizing the levy of special taxes pursuant to the Amended Improvement Area No. 2 RMA. While this action is typically done concurrently with the two resolutions that were adopted on February 18, 2020, staff deferred this action until San Diego County finished assigning Assessor’s Parcel Numbers to the newly-created parcels, which has now been completed.

## **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov’t Code §87100, *et seq.*).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

## **CURRENT-YEAR FISCAL IMPACT**

In the current year, all costs associated with the change proceeding (including staff time and consultant services) are covered by Developer funds which have been deposited in accordance with the Amended

Advance Deposit Agreement. The City will recover the full cost of staff time expended in District administration activities for the entire term of the special tax, resulting in no net fiscal impact to the General Fund or Development Services Fund.

### **ONGOING FISCAL IMPACT**

In future years, the City will recover the full cost of staff time expended in administrative for the entire term of the special tax, resulting in no net fiscal impact to the General Fund or Development Services Fund.

### **ATTACHMENTS**

1. CFD No. 16-I Amended Improvement Area No. 2 Recorded Boundary Map

*Staff Contact: Scott Barker, Transportation Engineer*